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ZNR UUUUU ZZH  
R 202115Z JAN 10  
FM AMEMBASSY PORT OF SPAIN  
TO RUEHC/SECSTATE WASHDC 0129  
INFO RUEHSP/AMEMBASSY PORT OF SPAIN

UNCLAS PORT OF SPAIN 000040

SIPDIS  
STATE ALSO FOR WHA/EPSC ADELGADO, KMUSGROVE

E.O. 12958: N/A  
TAGS: [EFIN](#) [ECON](#) [ECIN](#) [TD](#)  
SUBJECT: SECURED TRANSACTIONS IN TRINIDAD AND TOBAGO

REF: STATE 129327

**11.** (U) SUMMARY: SME interest rates in Trinidad and Tobago presently average around 13.75%. SMEs are permitted to use inventory, machinery, and accounts receivable as collateral for loans while maintaining use of the asset to generate income. A top banker told us that two of the primary challenges facing efforts to democratize credit in TT have been the implementation of modern secured transaction laws and the improvement of risk assessment mechanisms.  
END SUMMARY.

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SECURED TRANSACTIONS SYSTEM  
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**12.** (U) Republic Bank executive director Nigel Baptiste told us November 11 that small and medium-sized enterprises (SME) in Trinidad and Tobago (TT) pay roughly 300-500 basis points over the prime interest rate (currently 9.75%), or between 12.75% - 14.75% on average. He said companies are permitted to use inventory, machinery, and accounts receivable as collateral for loans while maintaining use of the assets. A registry exists of collateralized fixed assets only. Loans are typically approved within 48 hours, however, it may take up to thirty days for the loan to be fully processed and funds made accessible.

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NEW CREDIT BUREAU GOOD START, BUT NEEDS ENHANCEMENT  
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**13.** (U) A fully automated credit bureau was launched in 2004, increasing efficiency and liberalizing lending practices. Baptiste opined that access to reliable, comprehensive, and more objective analyses enables banks to assess individual risk more accurately. He said that this has increased the number of small businesses getting access to loans including those who previously would have been denied credit based on a lack of effective credit risk assessment. He noted also that loan costs were previously higher because a lack of reliable information encouraged lenders to spread the cost of individual delinquency risk to the entire pool of SME borrowers.

**14.** (U) Baptiste admitted that while the new credit bureau is an improvement, it lacks the sophisticated algorithms necessary to provide specific credit rating scores similar to the practice of

more developed nations. Instead, TT's credit bureau lists credit history activity and a simple pass/fail indicator only. Further analysis is left to bankers, perpetuating some of the subjectivity that hampered the effectiveness of the previous risk assessment system and limiting SME access to additional credit.

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